Webcast Summary

Grasping for Bright Spots in Asian Bonds Market
(28 February 2019)

Ms. Pheona Tsang, Head of Fixed Income at BEA Union Investment, shares her views on why there are investment opportunities in this year's Asian bonds market, and her insights into the Asian bonds market.

Prologue:
The completion of U.S. rate normalisation, the peaking of U.S. dollar, and China's large-scale stimulus measures will benefit both the Asia U.S. dollar bond and local currency bond markets.

Within Asian local currency bonds, reasons for selecting Indonesian and onshore Chinese bonds:

- The stabilisation of Indonesia's current account balance, Indonesian bonds carry high yield.
- The RRR cuts by the People's Bank of China and tax exemption on corporate bonds' interest.
- RMB bonds to be included in the global bond indices that will draw foreign investment inflows to China.

Our strategy on USD investment grade bonds:

- Move to strong BBB-rated corporate bonds issued by China state-own enterprises.
- Senior and perpetual bonds with high step-up coupons.
- Indonesian quasi-sovereign bonds.

Reasons for selecting Chinese property bonds:

- The easing of housing market control measures at the local government level, and banks are lowering interest rates for mortgages.
- Onshore bond market has reopened for China property developers, and set a more favourable supply and demand balance.

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